



Senate

General Assembly

File No. 117

February Session, 2012

Substitute Senate Bill No. 78

Senate, March 27, 2012

The Committee on Commerce reported through SEN. LEBEAU of the 3rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE LEARN HERE, LIVE HERE PROGRAM.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 32-4i of the 2012 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective from passage*):

4 (a) The Commissioner of Economic and Community Development,
5 in consultation with the Commissioner of Revenue Services and the
6 president of the Board of Regents for Higher Education, [may] shall
7 establish the Learn Here, Live Here program. Such program may
8 provide an incentive for graduates of a public institution of higher
9 education, private university or college, or health care training school
10 in this state, [who qualified as in-state students and paid the in-state
11 tuition rate,] or graduates from a regional vocational-technical school,
12 to buy a first home in the state. Persons who graduate on or after
13 January 1, 2014, from such institutions, universities, colleges or schools
14 may have their income tax liability, up to a maximum of two thousand
15 five hundred dollars annually, segregated into the Connecticut first-

16 time homebuyers account established pursuant to section 32-4j,
17 provided not more than one million dollars from all program
18 participants may be so segregated in any calendar year. After a period
19 not exceeding ten years after graduation, any amounts so segregated
20 may be withdrawn by a participant for the purchase of a first home in
21 the state. The Commissioner of Economic and Community
22 Development may make payments in accordance with this section
23 from said fund to the [participant] participants. For the purposes of
24 this section, "health care training school" means a medical or dental
25 school, chiropractic college, school or college of optometry, school or
26 college of chiropody or podiatry, school of occupational therapy,
27 hospital-based occupational school, school or college of natureopathy,
28 school of dental hygiene, school of physical therapy or any other
29 school or institution giving instruction in the healing arts.

30 (b) (1) After a period not exceeding ten years after the date of
31 graduation, a participant in the program established pursuant to
32 subsection (a) of this section may apply to the Commissioner of
33 Economic and Community Development for a payment to be issued,
34 on behalf of such participant, and used as the down payment on a
35 house, which must be the first house such participant has bought,
36 either singly or jointly. Such payment may be in an amount equal to
37 the amount of segregated funds deposited on behalf of such
38 participant. If the payment is less than such amount, any excess
39 amount shall be deposited in the General Fund.

40 (2) If a participant ceases to live in the state at any time up to one
41 year after such date, such participant shall repay one hundred per cent
42 of the amount paid out. If a participant ceases to live in the state at any
43 time up to two years after such date, such participant shall repay
44 eighty per cent of the amount paid out. If a participant ceases to live in
45 the state at any time up to three years after such date, such participant
46 shall repay sixty per cent of the amount paid out. If a participant ceases
47 to live in the state at any time up to four years after such date, such
48 participant shall repay forty per cent of the amount paid out. If a
49 participant ceases to live in the state at any time up to five years after

50 such date, such participant shall repay twenty per cent of the amount
51 paid out. After five years, there is no repayment obligation. Any
52 amounts repaid under this subdivision shall be deposited in the
53 General Fund.

54 (c) On or before December 1, 2012, the Commissioner of Economic
55 and Community Development may develop, within available
56 appropriations, a comprehensive public education program to educate
57 recent graduates of a public institution of higher education, private
58 university or college, or health care training school in the state, [who
59 qualified as in-state students and paid the in-state tuition rate,] or of a
60 regional vocational-technical high school about the program
61 established under this section for first-time home buyers. The public
62 education program shall include, but not be limited to, information
63 concerning life-time savings plans and information on the purchase of
64 a home. If the commissioner develops such public education program,
65 the department shall begin to implement such program not later than
66 January 1, 2014.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	32-4i
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CE *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 13 \$	FY 14 \$
Department of Revenue Services	GF - Cost	None	100,000
Department of Economic & Community Development	GF - Potential Cost	119,891 - 169,891	119,891 - 169,891
Comptroller Misc. Accounts (Fringe Benefits) ¹	GF - Potential Cost	16,606	16,606

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in an annual potential cost of up to \$170,000 (and \$16,606 in fringe costs) to the Department of Economic and Community Development (DECD) and a cost to the Department of Revenue Services (DRS) of \$100,000 in FY 14 by requiring, rather than allowing, DECD to establish the Learn Here, Live Here program.

The bill also results in a revenue loss of up to \$1,000,000 per year beginning in FY 15 with a potential for recapture in subsequent years.

Administrative Costs

The bill requires DECD to establish the Learn Here, Live Here program. The bill also allows DECD to develop a comprehensive public education program to educate students on Learn Here, Live Here. There is no cost to establish the program; however there are potential costs to DECD associated with staff and marketing materials needed to implement the public education program. The potential cost

¹ The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated non-pension fringe benefit cost associated with most personnel changes is 29.22% of payroll in FY 13 and FY 14.

to DECD is dependent upon the number of people eligible for the program and the program design. DECD could need a full-time Community Development Specialist at an annual cost of approximately \$86,497 (\$69,891 salary, \$16,606 fringe benefits). Additional costs associated with marketing materials could range from \$50,000-\$100,000.

The bill requires the public education program be established in DECD within available appropriations. To the extent that the agency reallocates funds to establish the program there could be a fiscal impact to other programs under the agency.

The bill is estimated to result in a one-time set up and programming cost of \$100,000 in FY 14 to DRS to administer the tax provisions of the bill.

Revenue Impact

The bill permits up to \$1,000,000 in total to be segregated for program participants in any calendar year. The maximum revenue loss per year is therefore \$1,000,000. To the extent that graduates move out of the state, a portion of that revenue may be recaptured in subsequent years.

As an example, assuming average annual wages of \$45,000 upon graduation, the program could be utilized by an estimated 514 graduates annually. This example assumes that each of the 514 participants would have their full income tax liability (\$1,845 based on the salary above) set aside under the program. The actual number of participants would depend on how DECD would implement the program.

According to the Department of Labor and the Department of Higher Education, seventy percent of the roughly 20,000 annual Connecticut public college graduates remain in the state after graduation. It is estimated that less than seventy percent of the approximate 18,500 annual private institutions graduates remain in the

state. It is not known how many of the roughly 2,200 annual regional vocational-technical school graduates remain in the state after graduation. The number of graduates from private occupational schools is uncertain at this time.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation. The bill also results in a revenue loss of up to \$1,000,000 per year beginning in FY 15 with a potential for recapture in subsequent years.

*Sources: Dept of Higher Education: "2009-10 Degrees and Certificates Completed at Connecticut Higher Education Institutions," December 2010
National Center for Education Statistics*

OLR Bill Analysis**sSB 78*****AN ACT CONCERNING THE LEARN HERE, LIVE HERE PROGRAM.*****SUMMARY:**

This bill requires, rather than allows, the Department of Economic and Community Development (DECD) commissioner to establish the Learn Here, Live Here program, which is designed to help certain students graduating from state colleges and universities and regional vocational-technical schools after January 1, 2014 save up to \$25,000 for a down payment on their first home in Connecticut. Under the bill, the commissioner must continue to consult with the commissioner of revenue services and the president of the Board of Regents for Higher Education.

The program currently is open only to students graduating from the regional vocational-technical schools and in-state students graduating from the state's colleges and universities. The bill opens the program to any student graduating from a public or private college in Connecticut or a health care training school located here. The latter includes medical or dental schools, chiropractic colleges, optometry schools or colleges, chiropody or podiatry schools or colleges, occupational therapy schools, hospital-based occupational schools, natureopathy schools or colleges, dental hygiene schools, physical therapy schools, and any other healing arts' school or institution.

The DECD commissioner must include recent graduates from these institutions in any public education program she develops to explain the Learn Here, Live Here program.

EFFECTIVE DATE: Upon passage

BACKGROUND***Live Here, Learn Here Assistance***

The Live Here, Learn Here program helps students save toward a down payment on their first home in Connecticut by segregating a portion of their state income tax payments for up to 10 years after they graduate. The law limits the amount that may be segregated for each student to \$2,500 per year and the amount that may be segregated for all students to \$1 million per year.

To receive the down payment assistance, a student must apply to the DECD commissioner within 10 years after graduation. The payment equals the segregated amount, up to the amount needed for the down payment. Any balance remaining in a student's account must be deposited in the General Fund.

Students who receive the assistance and subsequently leave Connecticut may have to repay all or part of the assistance, depending on when they leave. Those who leave within the first year after receiving assistance must repay the entire amount. Those who leave in any of the four subsequent years pay smaller amounts back as follows: 80% in the second, 60% in the third, 40% in the fourth, and 20% in the fifth.

COMMITTEE ACTION

Commerce Committee

Joint Favorable Substitute

Yea 17 Nay 0 (03/15/2012)